

**Chapter 560-12-2**

**Substantive Rules and Regulations**

**RULES  
OF  
DEPARTMENT OF REVENUE  
SALES AND USE TAX DIVISION**

**CHAPTER 560-12-2  
SUBSTANTIVE RULES AND REGULATIONS**

**560-12-2-.09 Automotive and Other Motor Vehicle Dealers.  
Amended.**

(1) The tax applies to the retail sale of automobiles, trucks, trailers, tractors, and other motor vehicles. The tax applies to the sales price without any deduction for labor, freight, delivery, manufacturer rebates, and other charges, except:

(a) Allowance for another motor vehicle taken in trade (without deduction for liens).

(b) Finance, insurance and interest charges for deferred payments billed separately.

(c) Cash discounts provided by the selling dealer and taken at the time of sale.

(2) The tax does not apply to:

(a) Sales of motor vehicles to out-of-state residents, provided delivery actually occurs in another state and is supported by a valid *Certificate of Exemption-Out Of State Delivery* (Form ST-6); or,

(b) Sales to nonresident purchasers of motor vehicles, provided such vehicles are immediately transported to and used in another state in which such vehicles are required to be registered and supported by a valid *Nonresident Certificate of Exemption Purchase of Motor Vehicle* (Form ST-8).

(c) The dealer's purchase of motor vehicles, parts, and other resale items sold by a motor vehicle dealer when a properly executed *Certificate of Exemption* (Form ST-5) is provided to the supplier or manufacturer.

**(3) Loaner Vehicles.**

(a) Any dealer who withdraws a motor vehicle from inventory for use as a loaner vehicle will be subject to use tax based upon the daily lease value for each day the vehicle is loaned for no charge. For purposes of this Rule, a loaner vehicle shall mean a motor vehicle withdrawn from inventory or separately floor planned, for use by any one person for a period of time not to exceed 30 days within a calendar year and for which no charge is made for the use of the motor vehicle. Dealers are required to maintain adequate records of a motor vehicle's use as a loaner vehicle. The following table shall be used to determine the daily lease value for all loaner vehicles. The first column represents the Manufacturer's Suggested Retail Price (MSRP) including any dealer add-ons and mark-ups, and the second column represents the corresponding daily lease value.

<b>(1)</b> <b>VEHICLE MSRP</b> (including any dealer add-ons and mark-ups)	<b>(2)</b> <b>DAILY</b> <b>LEASE</b> <b>VALUE</b>
\$0 - 999...	\$ 1.64
1,000 - 1,999...	2.33
2,000 - 2,999...	3.01
3,000 - 3,999...	3.70
4,000 - 4,999...	4.38
5,000 - 5,999...	5.07
6,000 - 6,999...	5.75
7,000 - 7,999...	6.44

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8,000 - 8,999...	7.12
9,000 - 9,999...	7.81
10,000 - 10,999...	8.49
11,000 - 11,999...	9.18
12,000 - 12,999...	9.86
13,000 - 13,999...	10.55
14,000 - 14,999...	11.23
15,000 - 15,999...	11.92
16,000 - 16,999...	12.60
17,000 - 17,999...	13.29
18,000 - 18,999...	13.97
19,000 - 19,999...	14.66
20,000 - 20,999...	15.34
21,000 - 21,999...	16.03
22,000 - 22,999...	16.71
23,000 - 23,999...	17.40
24,000 - 24,999...	18.08
25,000 - 25,999...	18.77
26,000 - 27,999...	19.86
28,000 - 29,999...	21.23
30,000 - 31,999...	22.60
32,000 - 33,999...	23.97
34,000 - 35,999...	25.34
36,000 - 37,999...	26.71
38,000 - 39,999...	28.08
40,000 - 41,999...	29.45
42,000 - 43,999...	30.82
44,000 - 45,999...	32.19
46,000 - 47,999...	33.56
48,000 - 49,999...	34.93
50,000 - 51,999...	36.30
52,000 - 53,999...	37.67
54,000 - 55,999...	39.04
56,000 - 57,999...	40.41
58,000 - 59,999...	41.78

For motor vehicles with an MSRP of greater than \$59,999, including any dealer add-ons and mark-ups, the daily lease value equals  $[(.25 \text{ times the MSRP of the vehicle including any dealer add-ons and mark-ups}) + \$500]$  divided by 365.

(b) If any single loaner vehicle is loaned to the same person for more than 30 days within a calendar year, the dealer shall be liable for use tax based on the cost price of the vehicle.

(c) The subsequent sale at retail of such loaner vehicles is taxable based upon the sales price of the loaner vehicle(s).

(4) When a dealer sets aside a motor vehicle for demonstration or display purposes, the tax does not apply unless the motor vehicle is used for more than six months. If used for more than six months, use tax will apply based upon the cost price of the demonstration or display vehicle.

(a) The following is a non-exclusive list of activities that are deemed to be for demonstration or display purposes:

1. The placement of motor vehicles at shopping malls or other consumer marketplaces to promote the sale of vehicles.
2. The use of motor vehicles in parades and at other public events when used to promote the sale of vehicles.
3. Motor vehicles used by customers for test drives.
4. The assigning of motor vehicles to race tracks for display and use as an official car or pace car, for the purpose of promoting the sale of vehicles.

(b) Motor vehicles used for demonstration or display purposes may be assigned to an employee that is a bona fide full-time employee of the dealer when such person works a minimum of

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thirty-six (36) hours per week and when such motor vehicle is available for customer test drives during the dealer's hours of operation.

(c) A dealer who withdraws a motor vehicle from inventory for demonstration or display purposes must maintain adequate books and records that reflect the date the motor vehicle was withdrawn from inventory, the vehicle identification information (VIN#, stock#, etc.), the cost price of such vehicle, the name(s) of the person or persons assigned to the vehicle, the employee's position within the organization, the date the demonstration or display vehicle was taken out of service, and the date the vehicle was placed back into inventory.

(d) The subsequent sale at retail of such demonstration or display vehicles is taxable based upon the sales price of the motor vehicle(s).

(5) Motor vehicles withdrawn from inventory by a dealer for use as a shuttle or delivery vehicle, or for personal or company use other than as a loaner vehicle, as provided for under subparagraph (3)(a), or for demonstration or display purposes as provided for under paragraph (4), are subject to use tax based upon the cost price of the motor vehicle at the time the motor vehicle is removed from inventory.

(6) Repairs and Maintenance.

(a) When parts or accessories are installed in a motor vehicle owned by the customer, and the charge for installation or repair labor is itemized on the dealer's invoice separately from the charge(s) for the parts or accessories, the charge(s) for labor are not subject to sales and use tax. If charges for labor and parts or accessories are not itemized on the dealer's invoice, the entire amount charged to the customer is taxable.

(b) Parts used to repair or restore a used motor vehicle to a salable condition are not subject to sales and use tax when purchased by the dealer, since they are purchased for resale. The tax collected at the time the used motor vehicle is sold will include the value of parts installed. However, consumable supplies, such as cleaners and waxes used in the reconditioning of a motor vehicle for sale, are subject to sales and use tax.

(c) Manufacturer or Retail Dealer Warranty. When a motor vehicle is sold at retail, a warranty from the manufacturer or retail dealer is often included in the selling price. The warranty generally obligates the manufacturer or retail dealer to correct defects in materials and workmanship during a specified time frame or after such time frame in certain instances, such as safety-related recalls, voluntary recalls, and certain goodwill transactions. When repairs are made under such warranty, no tax is due since a manufacturer's or retail dealer's warranty was part of the sales price of the motor vehicle when originally sold. This is true whether the manufacturer or retail dealer makes the repairs or whether the manufacturer or retail dealer pays someone else to make the repairs.

(d) Extended Warranty or Maintenance Agreement. Generally, an extended warranty or maintenance agreement is a contract to provide repairs or maintenance for a particular item for a stated period of time after a manufacturer's warranty has expired. The sale of an extended warranty or maintenance agreement is not taxable provided the charge for such warranty or maintenance agreement is itemized on the dealer's invoice to the customer. Parts associated with repairs pursuant to such agreements are subject to sales and use tax. The dealer is liable for use tax on the repair parts based on the dealer's cost. However, in the event the dealer charges any third party for the repair, the dealer must charge sales tax to the third party as provided for under subparagraph (5)(a) of this Rule and as would apply to any other retail sale.

(e) Repairs Made Under Customer Loyalty, Marketing, or other Promotional Programs. Except as provided for under subparagraph (5)(c) of this Rule, a dealer shall be liable for use tax at cost price for any part used in a repair, when made at no charge to the customer, under any loyalty, marketing, or other promotional program. Examples of such programs include “free tires for life,” “free oil changes for life,” and other similar dealer programs.

(f) Tools and Equipment. Tools and equipment used in the repair of a motor vehicle are subject to sales and use tax when purchased by the dealer.

(g) Shop supplies. Most motor vehicle dealers that have a service or repair shop included in their business usually maintain an inventory of “shop supplies.” A single charge for shop supplies, when separately stated on a dealer’s invoice to the customer, is subject to sales and use tax. Therefore, a dealer may purchase these items under terms of resale through the issuance of a properly executed *Certificate of Exemption* (Form ST-5). However, in the event a dealer does not separately itemize and charge customers for shop supplies, a dealer must pay tax on the purchase of such supplies or accrue use tax on such items.

(7) The tax does not apply to sales for resale made to out-of-state dealers who properly execute a *Certificate of Exemption-Out Of State Dealer* (Form ST-4).

(8) Effective Date. This rule shall become effective twenty (20) days after the Rule is filed in the office of the Secretary of State.

Authority O.C.G.A. §§ 48-2-12 and 48-8-3(44).